

State of Wisconsin

SENATE CHAIR
Howard Marklein

316 East, State Capitol
P.O. Box 7882
Madison, WI 53707-7882
Phone: (608) 266-0703



ASSEMBLY CHAIR
Mark Born

308 East, State Capitol
P.O. Box 8952
Madison, WI 53708-8953
Phone: (608) 266-2540

Joint Committee on Finance

MEMORANDUM

To: Members
Joint Committee on Finance

From: Senator Howard Marklein
Representative Mark Born

Date: October 6, 2021

Re: s. 16.515/16.505(2), Stats. Request

Attached is a copy of a request from the Department of Administration, received October 6, 2021, pursuant to s. 16.515/16.505(2), Stats., on behalf of the Department of Safety and Professional Services.

Please review the material and notify **Senator Marklein** or **Representative Born** no later than **Monday, October 25, 2021**, if you have any concerns about the request or if you would like the Committee to meet formally to consider it.

Also, please contact us if you need further information.

Attachments

HM:MB:jm



STATE OF WISCONSIN
DEPARTMENT OF ADMINISTRATION

Tony Evers, Governor
Joel Brennan, Secretary

Date: October 6, 2021

To: The Honorable Howard Marklein, Co-Chair
Joint Committee on Finance

The Honorable Mark Born, Co-Chair
Joint Committee on Finance

From: Joel T. Brennan, Secretary *JTB*
Department of Administration

OCT 06 2021
J. Finan

Subject: s. 16.515/16.505(2) Request(s)

Enclosed are request(s) that have been approved by this department under the authority granted in s. 16.515 and s. 16.505(2). The explanation for each request is included in the attached materials. Listed below is a summary of each item:

<u>AGENCY</u>	<u>DESCRIPTION</u>	<u>2021-22</u> <u>AMOUNT</u>	<u>FTE</u>	<u>2022-23</u> <u>AMOUNT</u>	<u>FTE</u>
DSPS 20.165(2)(j)	Safety and building operations	\$2,026,600	0	\$247,100*	0
DSPS 20.165(2)(ke)	Private on-site wastewater treatment system replacement and rehabilitation	\$1,680,000	0	\$0	0

*One-time expenditure authority.

As provided in s. 16.515, the request(s) will be approved on October 27, 2021, unless we are notified prior to that time that the Joint Committee on Finance wishes to meet in formal session about any of the requests.

Please contact Kirsten Grinde at 266-1353, or the analyst who reviewed the request in the Division of Executive Budget and Finance, if you have any additional questions.

Attachments



STATE OF WISCONSIN
DEPARTMENT OF ADMINISTRATION

Tony Evers, Governor
Joel Brennan, Secretary
Brian Pahnke, Administrator

Date: October 6, 2021

To: Joel Brennan, Secretary
Department of Administration

From: Amanda Mott
Executive Policy and Budget Analyst

Subject: Request under s. 16.515 from the Department of Safety and Professional Services for additional program revenue expenditure authority to administer the Private Onsite Wastewater Treatment Program and fund a septage characterization study.

Request:

The Department of Safety and Professional Services requests expenditure authority of \$1,680,000 PR in fiscal year 2021-22 in the private on-site wastewater treatment system replacement and rehabilitation appropriation under s. 20.165(2)(ke), Wisconsin Statutes, as well as an equal amount of supporting expenditure authority in the safety and building operations appropriation under s. 20.165(2)(j), Wisconsin Statutes. In addition, the department requests increased expenditure authority of \$346,600 PR in fiscal year 2021-22 and \$247,100 PR in fiscal year 2022-23 in the safety and building operations appropriation under s. 20.165(2)(j), Wisconsin Statutes, to cover requirements included in 2021 Wisconsin Act 67.

Revenue Sources for Appropriation(s):

The expenditure authority for both appropriations will be supported by revenues in the program revenue appropriation for safety and building operations under s. 20.165(2)(j). Under current law, expenditure authority in the appropriation under s. 20.165(2)(ke) is supported by a transfer from the safety and building operations appropriation under s. 20.165(2)(j). The increased expenditure authority in the appropriation under s. 20.165(2)(j) will be supported by revenues in that same appropriation.

Revenues in the safety and buildings operations appropriation are generated from fees collected from the building trades professions, credentialing, building inspections, examinations fees and plan review activities. Revenues generally exceed expenditures in the safety and building operations appropriation, which had a cash balance of \$17,014,500 at the close of fiscal year 2020-21. The requested increases in expenditure authority in both appropriations would be supported with this cash balance.

Background:

The department aims to promote economic growth and stability while protecting the citizens of Wisconsin. The department accomplishes this, in part, through the Division of Industry

Services' Private On-site Wastewater Treatment Systems (POWTS) program, also known as the Wisconsin Fund. This program protects public health and the waters of the state by regulating on-site wastewater treatment and recycling systems, and by promoting the use of the best available technology to provide on-site sewage treatment system solutions for property owners.

The administration of the POWTS program, along with most of the Division of Industry Services' operations, has been funded by the safety and building operations appropriation under s. 20.165(2)(j). As noted earlier, the appropriation receives revenues from various safety and building related credentialing, inspection and other activities. Because demand for the services and activities funded by this appropriation varies from year-to-year, the level of expenditures and revenues can fluctuate significantly from one fiscal year to the next. The following table shows the budgeted expenditure authority, actual expenditures and actual revenues for the past four fiscal years in the safety and buildings operations appropriation.

	FY18	FY19	FY20	FY21
Expenditure Authority	\$16,201,600	\$16,259,400	\$17,555,200	\$16,693,500
Actual Expenditures	\$12,500,600	\$16,035,800	\$17,290,300	\$15,096,000
Actual Revenues	\$17,725,700	\$17,288,800	\$15,470,700	\$14,639,200
Closing Continuing Balance	\$18,038,200	\$19,291,300	\$17,471,300	\$17,014,500

Analysis:

Since 1978, the Wisconsin Fund grant program, authorized under s. 145.245, Wisconsin Statutes, and Ch. SPS 387, Wisconsin Administrative Code, has provided financial assistance to lower income owners of a principal residence occupied at least 51 percent of the year by the owner, and to small commercial establishments meeting income and eligibility criteria, to cover a portion of the cost of repairing or replacing failing POWTS, a sewage treatment and disposal system (septic system) serving a single structure. Faulty POWTS can contaminate wells and groundwater with harmful bacteria and other microbes that cause illness. Properly functioning POWTS are a critical piece of Wisconsin's wastewater treatment infrastructure, playing a pivotal role in ensuring clean drinking water throughout Wisconsin, especially in rural and sparsely populated areas. The cost to replace systems, particularly for homeowners on limited fixed incomes, such as the elderly, or small businesses, can be prohibitive. The POWTS program provides needed help with these costs.

The 2017-19 Biennial Budget, 2017 Wisconsin Act 59, sunset the program effective June 30, 2021; however, 2021 Wisconsin Act 67 (enacted July 8, 2021) reinstated the program and moved the sunset date to June 30, 2023. Act 67 requires that the department do the following:

- Administer the POWTS program for the 2021-23 biennium;
- Prepare literature that describes grant eligibility for a principal residence and distribute the literature to counties, who must then distribute the literature to recipients of public benefits;

- Fund an additional 2.0 FTE PR project positions to conduct POWTS application and plan review, as well as fulfilling other department responsibilities relating to POWTS regulation and oversight; and
- Fund a septage characterization study to be conducted by the Department of Soil and Waste Resources of the College of Natural Resources at the University of Wisconsin-Stevens Point. The department must then prepare a report detailing the results of the study and submit the report to the appropriate standing committees of the Legislature by December 31, 2022.

First, although Act 67 extended the POWTS program sunset date to June 30, 2023, and the act's authors specifically stated there is a need to extend the life of the program, it did not provide funding to administer and provide grants under the program during the 2021-23 biennium. In fiscal year 2020-21, the program was allocated \$840,000, which was the annual funding amount for several years before as well. Therefore, the department requests \$1,680,000 PR in expenditure authority for the biennium to be authorized in fiscal year 2021-22 in the continuing program revenue POWTS appropriation to support additional grants. Funds will not be included in the base for the subsequent biennium due to the program sunset date of June 30, 2023.

Second, the department projects the cost of preparing and distributing literature to the county to total \$2,000. The department intends to cover the costs of preparing literature with currently appropriated funds.

Third, the department requests increased expenditure authority in its safety and building operations appropriation to fund the 2.0 FTE PR project positions authorized under Act 67. Specifically, the department requests \$163,400 PR in fiscal year 2021-22 and \$247,100 PR in fiscal year 2022-23. The requested funding in fiscal year 2021-22 will fund the recruitment and onboarding process and approximately 60 percent of annual salary and fringe benefits for the 2.0 FTE project positions. The requested funding for fiscal year 2022-23 will cover the salary and fringe benefits for 2.0 FTE project positions for 12 months. The pay rate of \$38.39 per hour is based the midpoint of the salary range for this position and is primarily driven by the tight labor market for recruiting people with technical expertise. Additionally, since this is a two-year project position, the department states the rate of pay needs to be competitive with other employers offering permanent positions.

Finally, the department requests increased expenditure authority of \$183,200 PR in the safety and building operations appropriation in fiscal year 2021-22 to cover the costs of the septage characterization study to be conducted by the Department of Soil and Waste Resources of the College of Natural resources at the University of Wisconsin-Stevens Point. The department intends to fund the preparation of the report detailing the results of the study to be submitted to the Legislature by December 31, 2022, with existing agency resources.

As stated above, Act 67 extended the life of the Wisconsin Fund without any ability for the department to make grants. However, testimony by the act's authors acknowledged the program's purpose is to provide grants in order to keep local water clean and assist homeowners in need. The Legislative Fiscal Bureau's budget paper regarding the POWTS

program states that there are still an undetermined number of potentially problematic aging POWTS. The most recent grant cycles demonstrated continued demand for grants as existing funding was fully expended. Therefore, the department's request for grant funding, although not specifically contemplated in Act 67, appears appropriate. As previously noted, the department will use cash balances to fund this limited extension for awards.

Under current law, the safety and building operations appropriation under s. 20.165(2)(j), is an annual appropriation that includes in its purposes "transferring the amount in the schedule under [s. 20.165(2)(ke)] to the appropriation account under par. (ke)." This transfer mechanism requires that the department have sufficient expenditure authority (in addition to revenue) in the safety and building operations appropriation to support the transfer. Therefore, the request includes increased expenditure authority of \$1,680,000 PR in both ss. 20.165(2)(j) and (ke).

As a whole, the requested expenditure and position authority support clean water through a variety of efforts that essentially will be self-funded by the department.

Recommendation:

Approve the request.

Date: October 6, 2021
To: Brian Pahnke
From: Amanda Mott
Subject: Section 16.515 Request(s)

Attached is a s. 16.515 request analysis for your approval and processing. Listed below is a summary of each item:

DOA RECOMMENDATION:

<u>AGENCY</u>	<u>DESCRIPTION</u>	<u>2021-22</u>		<u>2022-23</u>	
		<u>AMOUNT</u>	<u>FTE</u>	<u>AMOUNT</u>	<u>FTE</u>
DSPS 20.165(2)(j)	Safety and building operations	\$2,026,600		\$247,100*	
DSPS 20.165(2)(ke)	Private on-site wastewater treatment system replacement and rehabilitation	\$1,680,000		\$0	

* One-time expenditure authority.

AGENCY REQUEST:

<u>AGENCY</u>	<u>DESCRIPTION</u>	<u>2021-22</u>		<u>2022-23</u>	
		<u>AMOUNT</u>	<u>FTE</u>	<u>AMOUNT</u>	<u>FTE</u>
DSPS 20.165(2)(j)	Safety and building operations	\$2,026,600		\$247,100*	
DSPS 20.165(2)(ke)	Private on-site wastewater treatment system replacement and rehabilitation	\$1,680,000		\$0	

* One-time expenditure authority.

BP APPROVAL BP (FORWARD TO GAIL TAPPEN)



Tony Evers, Governor
Dawn B. Crim, Secretary

DATE: September 22, 2021

TO: Brian D. Pahnke, Administrator
Division of Executive Budget and Finance
Department of Administration

FROM: Dawn B. Crim, Secretary-Designee
Department of Safety and Professional Services

SUBJECT: Request under s. 16.515 from the Department of Safety and Professional Services for increased expenditure authority to make grants under the Wisconsin Fund program, conduct a septic characterization study, and support 2 FTE project positions.

Request:

The Department of Safety and Professional Services requests expenditure authority of \$1,680,000 in fiscal year 2021-22 in the continuing program revenue appropriation for the Wisconsin Fund under s. 20.165(2)(ke) supported by revenue transferred from in the annual program revenue appropriation for safety and building operations under s. 20.165(2)(j). In addition, the Department requests increased expenditure authority of \$346,592 in fiscal year 2021-22 (SFY 22) and \$247,100 in fiscal year 22-23 (SFY 23) in the appropriation under s. 20.165(2)(j).

Funding Source for Appropriation:

The Department's expenditure authority request totaling \$2,273,692 for the 21-23 biennium is supported by the balance in the program revenue appropriation for safety and building operations under Wis. Stat. s. 20.165(2)(j), which receives revenues from building and plumbing plan reviews, as well as a variety of inspection fees. At the close of SFY 21 the continuing balance in this appropriation totaled \$17,014,416.80, which reflects the fact that revenues collected have exceeded the Department's expenditures.

Background:

Since 1978 the Wisconsin Fund grant program, authorized under s.145.245 and under administrative rules SPS 387, has provided financial assistance to lower income owners of a principal residence occupied at least 51% of the year by the owner, and to small commercial establishments meeting income and eligibility criteria, to cover a portion of the cost of repairing or replacing failing Private Onsite Wastewater Treatment System (POWTS), a sewage treatment and disposal system (septic system) serving a single structure. Faulty POWTS can contaminate wells and groundwater with harmful bacteria and other microbes that cause illness. The cost to replace systems, particularly for homeowners on limited fixed incomes, such as the elderly, or small businesses, can be prohibitive. The Wisconsin Fund grants provide needed help with these costs. Properly functioning POWTS are a critical piece of Wisconsin's wastewater treatment infrastructure, playing a pivotal role in ensuring clean drinking water throughout Wisconsin, especially in rural and sparsely populated areas.

2017 Wisconsin Act 59, the 2017 biennial budget act, sunset the program effective June 30, 2021, but on July 10, 2021, 2021 Wisconsin Act 67 reinstated the program and moved the sunset date to June 30, 2023. Act 67 requires the Department to fund a report with recommendations on practices that mitigate the risk of contaminating ground and surface water with septage and that the Department of Soil and Water Resources at the College of Natural Resources of the University of Wisconsin-Stevens Point. The College estimates that the cost of this study will be \$183,192 and the Department is requesting an increase in expenditure authority in 20.165(2)(j) in SFY 22 to support this study.

In addition, Act 67, authorized two new project positions (2 FTE) to conduct application and plan review as well as training and informational programs, and training and audits of governmental units in applications and plan review for the duration of the 21-23 biennium. The Department requests increased expenditure authority for the estimated cost of these new positions in s. 20.165(2)(j): \$163,400 in SFY 22 and \$247,100 in SFY 23. The difference in the two years cost for staff, supplies and services reflects the assumption that recruitment and onboarding positions will occur in November (approximately 60% of the year) and that one-time onboarding expenses will be incurred in the first year.

Act 67 also requires the Department to prepare literature that describes the eligibility for receiving a grant under this program for a principal residence and distribution of literature to counties for counties to distribute to recipients of public benefits. The Department has projected these costs to total \$2,000 and plans to cover this cost with currently appropriated funds.

Neither Act 67, nor 2021 Wisconsin Act 58, the 21-23 biennial budget restored funding to make grants under Wisconsin Fund program for the 21-23 biennium. The Department requests \$1,680,000 in expenditure authority for the biennium to be authorized in SF 22 in the continuing appropriation s.20.165(2)(ke) for grants. Funds will not be included in the base for the subsequent biennium since the program is set to expire June 30, 2023.

Conclusion:

The requested \$1,680,000 in expenditure authority for the appropriation under s.20.165(2)(ke) will allow the Department to resume operation of the Wisconsin Fund grants program to replace failing POWTS and help ensure that drinking water is safe throughout the state. The requested \$593,692 increase in expenditure authority under s.20.165(2)(j) will ensure that new staff to support the requirements of Act 67 and that the Act's required study are funded.

The total expenditure authority requested for s.20.165(2)(ke) and (2)(j) for the 21-23 biennium is \$2,273,692, which includes funding for the Wisconsin fund, two project positions, and a sewerage study. This request will utilize the revenue balance in the appropriation under s. 20.445(2)(j) and will not impact funding for other Department programs.

Contact Information:

If you have questions regarding this request or need more information, please contact Lili Kelly, DSPS Budget and Policy Manager at lilian.kelly@wisconsin.gov.